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Message Text

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ACTION EB-07

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SUBJ: VIEWS OF OLYMPIC OFFICIAL ON GOG AIR TRANSPORT POLICY

REF ATHENS DAO 6837015275 (NOTAL)

BEIRUT FOR RCAA

1. FOLLOWING INTRODUCTION INTO PARLIAMENT ON JUNE 9 OF BILL AUTHORIZING GOG TO COMPENSATE FORMER OWNERS OF OLYMPIC AIRWAYS FOR GOG ACQUISITION OF AIRLINE, (COMPENSATION CITED IN DRAFT BILL IS DOLS 62 MILLION), NUMEROUS RUMORS HAVE SURFACED IN THE PRESS AND AMONG EMBASSY CONTACTS CONCERNING FUTURE OLYMPIC POLICIES (SEE REFTEL). COMPENSATION AGREEMENT IS LAST OBSTACLE TO INSTALLATION OF PERMANENT BOARD OF DIRECTORS TO REPLACE INTERIM, COURT-APPOINTED BOARD.

2. EMBOFF PAID CALL ON OLYMPIC'S DIRECTOR OF PLANNING MAVROKEFALOS, TO OBTAIN HIS VIEWS ON OLYMPIC'S FUTURE AS A GOVERNMENT ENTITY. MAVROKEFALOS IS, PERHAPS, THE AIRLINE'S MOST KNOWLEDGEABLE SENIOR OFFICIAL ON OPERATIONAL MATTERS. MAVROKEFALOS INDICATED THAT GOG HAS ESSENTIALLY TWO AIR
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TRANSPORT POLICY OPTIONS: A) TO ASSIGN OLYMPIC, AS AN

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INDEPENDENT GOVERNMENT AGENCY, THE GOAL OF FINANCIAL SELF-SUFFICIENCY; OR 2) TO SUBORDINATE THE AIRLINES TO A NATIONAL TOURISM POLICY THAT HAS AS ITS AIM MAXIMIZATION OF FOREIGN EXCHANGE EARNINGS FROM TOURISM EVEN AT THE EXPENSE OF OLYMPIC'S OPERATIONAL LOSSES. WITH REGARD TO THIS OPTION, MAVROKEFALOS DESCRIBED A MEETING HE HAD ATTENDED BETWEEN OLYMPIC AND THE NATIONAL TOURIST ORGANIZATION (NTO) ON JUNE 10. DURING THE MEETING, HE POINTED OUT IN RESPONSE TO NTO'S ARTICULATION OF THIS OPTION, THAT OLYMPIC IS IN NO POSITION WITH PRESENT FLEET TO PROVIDE AIRCRAFT FOR CHARTER OPERATIONS, AS TOURIST SEASON CORRESPONDS WITH PEAK USAGE OF EXISTING FLEET ON SCHEDULED OPERATIONS. MAVROKEFALOS BASICALLY OPPOSES THIS POLICY OPTION AS EXPANSION OF THE FLEET SUFFICIENTLY TO COPE WITH CHARTER REQUIREMENTS DURING THE HEAVY SUMMER TOURIST MONTHS WOULD CREATE EXTREMELY EXPENSIVE PROBLEMS OF MAINTENANCE OF SURPLUS AIRCRAFT AND CREW DURING THE NINE SLACK AIR TRAVEL MONTHS OF THE YEAR.

3. MAVROKEFALOS MADE FOLLOWING ADDITIONAL POINTS DURING INTERVIEW : (A) AIRCRAFT ACQUISITIONS - IF OLYMPIC HAD THE MEANS, IT WOULD LIKE VERY MUCH TO PURCHASE BOEING 737'S TO UPGRADE YS-11B SERVICES AND TO REPLACE LESS ECONOMICAL 720'S ON DOMESTIC ROUTES, AND EVEN TO USE THEM IN SELECTED INTERNATIONAL ROUTES TO RELEASE 727'S FOR LONGER, HIGHER DENSITY ROUTES. HE DOES NOT BELIEVE THAT OLYMPIC SHOULD HAVE ANY INTEREST IN THE A-300 AIRBUS, WHOSE LIMITED FLEXIBILITY MAKES IT APPROPRIATE ONLY FOR ATHENS THESSALONIKI ROUTE. (B) NEW ROUTES - EXCEPT FOR ATHENS-BEIRUT, WHICH WOULD NOT BE EXPECTED TO PAYOUT DURING THE FIRST YEAR OF OPERATIONS, MAVROKEFALOS DOES NOT SEE ANY OTHER INTERNATIONAL ROUTES WHICH ARE EITHER ATTRACTIVE OR FEASIBLE FOR OLYMPIC TO ADD TO ITS SCHEDULE IN THE NEAR FUTURE.

4. COMMENT: ALTHOUGH NEW BOARD WILL UNDOUBTEDLY WISH TO UNVEIL BOLD NEW PLANS FOR AIRLINE, MAVROKEFALOS' CONSERVATIVE APPROACH WILL PROBABLY WIN OUT IN LONG RUN, AS OLYMPIC'S FINANCIAL SITUATION AND GREECE'S PAYMENTS POSITION WILL IMPOSE A SOBER LOOK AT THE ECONOMIC REALITIES OF RUNNING AN AIRLINE. KUBISCH
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